



Idaho Public Utilities Commission Consumer Inquiry or Complaint Form

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IDAHO PUBLIC
UTILITIES COMMISSION

Submit electronically below or print and return to:

Consumer Assistance Section, Idaho Public Utilities Commission

P O Box 83720

Boise, Idaho 83720-0074

FAX: (208) 334-4045

IPC-E-04-08
IPC-E-04-10

You may also contact our office at (208) 334-0369 or 1-800-432-0369

STEP 1

Before submitting a complaint to the IPUC please visit this [link](#) to determine if the commission regulates this service. If the company is regulated please contact it as a first step. If you have already contacted your utility and are not satisfied with its response, please fill out this form to be submitted electronically.

STEP 2

Use the tab key not the enter key to navigate this form

Inquiry/Complaint Form	
Your name	LeRoy Jarolimek
Address	605 S 600 W
City	Burley
State	Idaho
ZIP	83318
Home Telephone	(208) 678-8469
Work/Contact Telephone	(208) 431-3722
Email Address	leroyjarolimek@hotmail.com

Does this inquiry/complaint concern your home or business?	<input type="radio"/> Home <input checked="" type="radio"/> Business <input type="radio"/> Both
BusinessName	West Slope Wind One LLC
Business Address	605 S 600 W Burley, Idaho 83318
Business Phone	(208) 678-8469
Name of Utility Company	Idaho Power
If Telephone/Local Provider	
Have you contacted the utility regarding your concern?	<input checked="" type="radio"/> Yes <input type="radio"/> No

STEP 3

Below, please describe your question or complaint briefly.

Petition for Reconsideration of PUC Order: No. 29632

I, LeRoy Jarolimek, an owner of West Slope Wind One LLC, have been involved in developing a wind project on my farm for the past three years. At the present time, I have five anemometers of various heights on my property monitoring the wind potential of my farms. I have been working with Idaho Power going through all the studies that are necessary to become an electrical producer and sign a PURPA QF contract. West Slope Wind One has had to two feasibility studies completed on two different grids--a 34.5 kV line and a 69 kV line--both run along the borders of my property. West Slope Wind One invested \$25,000 to obtain a Facility Study Agreement, the final step needed to connect my wind farm to the grid.

The federal government, through the USDA Renewable Energy Efficient Grant Program, has been investing about 23 million dollars a years for renewable energy projects to make our country less dependent on foreign energy. Idaho has finally been able to utilize this federal money to help strengthen and create new business opportunities in helping to develop renewable energy projects. The State of Idaho Energy Division has spent thousand of dollars educating the public about renewable energy possibilities in Idaho.

West Slope Wind One LLC received a \$500,000 grant, which would covers up to 25% of my developing a wind project through the USDA (9006) Renewable Energy Efficient Grant Program. At the time of applying for the grant, West Slope Wind One had to have the balance of the funding for the project in place, which had been done. Due to the November, 2004, Commission's Ruling, West Slope Wind One has lost all private financing and can not find any conventional banking or long-term financing that will risk financing a project with a 90/110 window and reduction of the total revenue clause if a

QFs misses the 90% minimum ruling made by the PUC. This is too much of a risk for a financial backer for the amount of money needed for a wind project. For example, if West Slope Wind One's total month's estimated energy production falls below the 90% band by even one watt the total revenue for that month will be reduced by a minimum of 15% of the market price or contract price, whichever is less, which could be more than 60% or more of the contract price.

This single commission finding has guaranteed that it will be nearly impossible for any renewable energy project like wind, geothermal, aerobic digester or biomass using the PURPA contract to secure financing.

With the current commission findings, West Slope Wind One and other developers may have to cancel their orders with for turbines ordered for spring delivery. If we have to cancel our orders now and wait for a hearing for the PUC to make changes so investors will feel confident in investing in renewable energy projects, we most likely will not be able to obtain any turbines delivery until late 2006. Also, West Slope Wind One will have to forfeit both the money paid to Idaho Power for required grid studies and forfeit the studies themselves as Idaho Power requires so many days between each set to proceed with the next step or we have to forfeit everything done. Idaho Power will then have to redo all their previous studies and West Slope Wind One will again have to pay the second time for the same studies. In addition, all the other money West Slope Wind One made in installing the anemometer towers, other required studies, and the hiring of wind specialists for designing of its wind farm will be forfeited.

Commission Findings: That a 90/110 Band is Reasonable

The section that deals with the 90/110 band has effected West Slope Wind One LLC project. It forces us to reduce our estimated production from the real potential production to fit within a very small window. The wind industry states that monthly average energy productions can vary as much as 24%, but annual production only varies by 5%, which is very realistic. The PUC staff recommended an 80/120 band, which would put us very close to what is the normal variance of the monthly estimated projection.

The PUC staff noted that in the last 19 months Idaho Power's Firm QFs have delivered an average at 71% of their contracted energy. Idaho Power did not hold these QFs to their contract estimates nor did Idaho Power have the QFs revise their base energy estimate on their original contract.

The PUC's ruling of November 22, 2004, is stating Idaho Power's previous Firm QFs contracts and the Firm PURPA QFs contracts have to live under different rules. The Firm QFs contract has to estimate their production with no shortfall penalty clause while the Firm PURPA QFs have a defined 90/110 window they have to estimate their month's production and a penalty clause if they do not hit this narrow window.

Idaho Power's Firm QFs contractors are producing as low as 71% of their averages guarantee production, but are not penalized by Idaho Power for their shortfall. In

addition, the Firm QFs contracts were not addressed by the PUC in their November, 2004, ruling. Idaho Power uses the initial Firm QFs estimated production and not the actual production for their historical generation for planning purposes. Idaho Power has to buy power for the short fall from the Firm QFs contracts but they do not penalize the Firm QFs contractors for their shortfall. Idaho Power then can pass on this extra cost on to the consumers by presenting them to the PUC as added cost incurred for Firm QFs shortfall each year.

On the other hand, using the new PUC ruling, Idaho Power's Firm PURPA QFs contract with the 90/110 band limit and the penalty clause, the QFs have to produce no less than 90% of their month's estimate production. If they do not, the penalty clause is enforced which will penalize their total month's production by a minimum of 15% of the market price or contract price, whichever is less, which could be more than 60% or more of the contract price.

Commissions Findings: Of disallowing a shortfall energy proposal

Idaho Power purposed that if the PURPA QFs delivery is less than 90% of the scheduled amount then the shortfall energy is priced at 85% of the market price, less the contract rate, with the difference capped at 150 % of the avoided cost rate. PUC believed even having the PURPA QFs pay for the shortfall below the 90% of the monthly commitment would have the potential of exacting too heavy a price on Idaho Power customers. But Idaho Power is not paying for the shortfall, the QFs are! Therefore, there would be no "exacting too heavy a price on Idaho Power customers". The PUC disallowed this shortfall option is which fairer than what the current PUC ruling is which reduces the total month's revenue for the total month's production by a minimum of 15% of the market price or contract price, whichever is less, which could be more than 60% or more of the contract price. This reduction seems more of a penalty than a reduction of revenue.

Commissions Findings: It is reasonable when a Firm PURPA QFs fails to deliver 90% of the monthly commitment that the total production will be reduced or penalized a minimum of 15% of the market price or the contract rate, whichever is less.

The QFs total revenue is solely dependent on producing the maximum energy from their wind turbines. The PUC puts a 90/110 band on the QFs production, which in return penalizes QFs for producing the maximum energy possible. Therefore, QFs have to estimate their production low enough so they do not get penalized on the 90% minimum band. Unfortunately, if the QFs estimates are too low, they are penalized for being over 110% maximum. The penalty to the QFs is they only get paid 85% of the monthly average of the MID C Pricing Schedule 86 for any production over the 110% maximum.

Idaho Power wants the QFs to produce the maximum capacity from our wind turbines. The PUC ruling has put such a severe penalty clause in their ruling regarding energy production restrictions by putting a band on the amount of energy and the severe penalty if QFs do not stay in the band, which reduces the QFs ability to obtain fair market value

for their energy. This makes it difficult to develop a profitable wind project. The PUC ruling seems to counter the federal mandates for developing renewable energy sources to make our county less dependent on foreign supplies.

With this new PUC ruling there definitely should be some allowance made for the QFs' monthly energy shortfall. If West Slope Wind One misses its monthly estimates energy production by one watt--which is a minute amount--it affects West Slope Wind One's total energy production revenue for the month. For example, West Slope Wind One estimates 300,000 kWh for a month's energy production; that is the same as 300,000,000 watts of energy. But if West Slope Wind One produce's 299,999,999 watts--which is just one watt short of the 300,000,000 watts--West Slope Wind One is penalized for the total month's production by a minimum of 15% of the market price or contract price, which ever is less, which could be more then 60% or more of the contract price.

Another key point that has not been addressed is the support to the grid that the wind farms bring. Most of the wind farms will be installed in the middle or at the end of the grid. Idaho Power will be able reduce the amount of energy they have to use to push the power load to the end of the grid where deep well irrigation is used which causes a very high power load at end of the line. Idaho Power will actually have more energy to sell instead of it being lost in line loss. Plus, QFs are going to being installing capacitors to help keep an even flow to the grid. This also helps Idaho Power stabilize the grid without having to purchase this equipment as the QF has to purchase the capacitors for their own projects.

As a possible PURPA QF contractor, West Slope Wind One will have to install a 5-minute time delay into its electrical system for the times Idaho Power has power interruptions. West Slope Wind One can not come back on to the grid until Idaho Power has time to stabilize the grid. As an irrigation customer, during the summer, I can have as high as five power interruptions in one day. This would reduce my energy production for a minimum 25 minutes plus the time it take the turbines to obtain maximum production for the current wind resource. These are unscheduled power interruptions. These Idaho Power interruptions are even more severe when Idaho Power lines are at peak usage. West Slope Wind One can have these same numbers of outages each day usually occurring at the same time of each day for a week or more as I have experienced as an irrigation customer of Idaho Power's. West Wind Slope One Wind should not be penalized for not producing the allotted power when it is out of West Slope Wind One's control due to malfunctions in Idaho Power's system.

The PUC ruling does not address or compensate QFs for lost production due to power interruptions caused by other sources than the QFs' obligated monthly estimated production.

This would be an example of how the PUC's ruling would affect anybody starting a new business-for example a franchise business, like Mc Doanlds-if they had the same rules put on them as put on the PURPA QF contract. The franchise buyer would have to agree to a penalty clause before the franchiser will sell to him. Then to get financing, the buyer

would have to disclose to his investor that his revenue will be penalized if his estimated sales falls below a certain point. The disclosure clause would read if my estimated monthly revenue falls short, my total revenue for that month will be reduced by a minimum of 15% of the market price or contract price, which ever is less, which could be more then 60% or more of the contract price. This type of clause would make it impossible for any business to get any financing at any interest rate.

I would sincerely appreciate if you would review your Commission's Ruling and reconsider how it is going affect all future PURPA QFs contracts on the points I presented for West Slope Wind One LLC.

Sincerely,

A handwritten signature in cursive script that reads "LeRoy Jarolimek". The signature is written in black ink and is positioned above the printed name.

West Slope Wind One LLC,
LeRoy Jarolimek, member